



State of Tennessee Department of Children's Services

Administrative Policies and Procedures: 3.19

Subject: Accounting for DCS Community Residential Facilities Youth Trust Fund Accounts

Supersedes: DCS, 3.19, 05/01/02

Local Policy: Yes

Local Procedures: Yes

Requires Training: No

Approved by:

Effective date: 12/31/99

Revised date: 01/01/04

Application

To All Department of Children's Services Community Residential Facility, Fiscal Services Employees and Youth

Authority: TCA 37-5-106; 41-6-105-106, 41-21-216(a)(b), 41-21-217

Policy

The central office Fiscal Services division designated staff shall establish and maintain the trust fund account for youth in DCS community residential facilities.

Procedures

A. Local policy

The DCS community residential facilities supervisor and employees of each DCS community residential facility must formulate a local policy that ensures adequate internal control of youth allowance money maintained at the DCS community residential facility. The amount must not exceed \$30.00.

B. Establishment of accounts

1. Responsibility

- a) The central office Fiscal Services division Assistant Commissioner or designee must appoint a designated staff member to serve as the custodian of the DCS community residential facilities trust fund account.

- b) The trust fund custodian must set up and maintain all trust fund accounts for all youth in DCS community residential facilities. The account shall list:
 - ◆ Child/Youth's name
 - ◆ Social security number
 - ◆ Date of birth
- c) Each week an allowance request must be submitted to the central office Fiscal Services division for all youth at DCS community residential facilities, including newly admitted youth for which allowances are to be paid. The request shall list:
 - ◆ Child/Youth's name
 - ◆ Social security number
 - ◆ Date of birth
 - ◆ Number of days to be paid, and
 - ◆ Amount of the allowance
- d) The trust fund custodian will set up trust fund subsidiary accounts from the allowance requests.

2. Savings accounts

- a) Youth that work or for other reasons obtains a balance in their trust fund account sufficient to establish a savings account must be allowed to establish an interest-bearing savings account. Interest earned must accrue directly to the youth.
- b) The DCS community residential facilities supervisor or designee must establish a youth's savings account in the name and social security number of the youth and the DCS community residential facilities supervisor.
- c) The DCS community residential facilities supervisor or his/her designee must maintain passbooks for each savings account in an officially designated and secure location.

3. Youth checking disallowed

Designated staff must not grant checking account privileges to any youth.

C. Monies received

1. Surrender of youth monies

Each youth must surrender all monies in his/her possession to the DCS community residential facilities supervisor or designee, except monies allowed by local policy.

- 2.** The amount disbursed to any one youth must not exceed \$30.00 weekly, except an amount that staff may modify for purposes of treatment or security.

3. Restrictive endorsement

- a) The fiscal officer or designee must restrictively endorse all checks, warrants, and money orders received for a youth at the time they are received.
- b) When a youth is listed as the payee, the fiscal officer or designee must endorse the check as follows: **“For Deposit Only to the trust fund account of _____ (facility) for the account of the named payee.”** The check must then be receipted and deposited in the DCS Community Residential Facility Trust Fund account as outlined in procedures listed below

4. Receipt process

- a) The fiscal officer or designee must complete a pre-numbered receipt for all monies at the time they are received.
- b) The fiscal officer or designee must give to the youth a copy of the receipt(s).
- c) The fiscal officer or designee must indicate on the receipt:
- ◆ Name of the youth
 - ◆ Date
 - ◆ Amount received

- ◆ Source of the monies received (i.e., mail, visitors, youth, etc.) and must sign as receipting employee.
- d) The trust fund custodian must post receipts to individual ledger cards in the youth's name and must indicate the date posted, the receipt number and the amount received.
- e) The central office trust fund custodian must not credit amounts to a youth's account until the money has been received and deposited or the Automatic Clearing House has deposited the amount into the youth's account.

5. Types of payment allowed

- a) Payments must be in the form of cash, money order, certified check, or other guaranteed payment.
- b) Designated staff must not accept personal checks or third party checks for deposit to the youth's trust fund account.

D. Deposits

1. Deposit slips

- a) The fiscal officer or designee must prepare daily deposit slips for monies received.
- b) An employee other than the one who prepares the receipt must prepare the deposit slip.
- c) A copy of the receipts and deposits must be given to the trust fund custodian for posting to the youth's subsidiary account.

2. Timing

The central office Fiscal Services designated staff must deposit monies received for youth trust fund accounts immediately.

- a) Designated staff must make every effort to make daily deposits when practicable (i.e., unless such events as the non-availability of staff or severe inclement weather justify a delay in making deposits).
- b) Designated staff must make deposits for youth trust fund accounts no later than the next working day subsequent to date of receipt.

**E. Withdrawals by
youth**

1. Approval

- a) Youth requests for withdrawals or transfers of money from the trust fund account require the written approval of the youth's case manager or the facility administrator.
- b) Weekly allowance amounts may be requested by using form CS-0389, *DCS Community Residential Facilities Trust Fund Allowance Request*, including:
 - ◆ Child/Youth's name
 - ◆ Social Security number
 - ◆ Date of birth
 - ◆ Number of days to be paid
 - ◆ Allowance amount, and
 - ◆ Amount requested
- c) Upon receiving the allowance, the youth must sign their full name on the allowance request form as evidence that the allowance was received.
- d) Designated staff of the DCS community residential facility must keep the initialed allowance request form on file at the facility.
- e) Withdrawal requests payable to another youth, staff, or volunteers must not be approved.

2. Process for requesting withdrawals

- a) Youth must request withdrawals from their trust fund accounts in writing, using form CS-0173, *Personal Withdrawal Request* for amounts other than the weekly allowance or weekly allowance request for their weekly allowance.
- b) The youth must obtain the signature of an authorized employee as witness on the personal withdrawal request.
- c) The witness must forward the request for approval to the DCS community residential facility supervisor.

- d) Designated staff must forward an approved personal withdrawal request to the central office trust fund custodian.
- e) After processing a request, staff must return one copy of the request form to the youth and must forward the original request to the central office trust fund custodian. All requests, whether approved or denied, must be handled in this manner.

3. Checks

- a) The central office trust fund custodian must write checks for all withdrawals, making them payable to the youth whose withdrawal has been approved.
- b) The central office trust fund custodian must not prepare withdrawal checks payable to another youth or employee.
- c) Designated staff must not sign withdrawal checks until they are completed in their entirety. The trust fund custodian **must not** sign checks.
- d) An updated approved signature authorization form must be in the central office trust fund custodian possession at all times.
- e) All withdrawal checks must bear two signatures.
- f) Checks must not be given to the central office trust fund custodian after signing them.
- g) Designated staff must place the notation, "**Void After 180 Days**" on all withdrawal checks.
- h) If a check is void at the time of issue, the trust fund custodian must cut off the signature space portion of the check, make a copy of the check for the custodian file, and clip the check in the checkbook.
- i) If a check is returned unclaimed, the trust fund custodian must cut off the signature space portion of the check, make copy of the check and the envelope for the custodian's file. The check must be clipped into the checkbook for the accountant to use for reconciliation of the bank account.

4. Denials

If the DCS community residential facility supervisor or designee denies the request, he or she must state the reason for the denial on form CS-0173, *Personal Withdrawal Request*.

F. Holds on accounts

1. Exceptions

A DCS community residential facility can not place a “**hold**” on a youth account, disallowing withdrawals except for:

- ◆ Payments of restitution the disciplinary board orders as a portion of their decision
- ◆ Monies that a court orders held or withdrawn, or
- ◆ Certain sums whose collection is required by statute.

2. Procedure

- a) The fiscal officer or designee must notify the youth by form letter that a “**Hold**” has been placed on their account, stating the reasons why.
- b) The letter must state that if the youth does not within ten days submit written objections to the hold, a specified amount must be automatically deducted from the youth account as payment required by statute, court order or decision of the disciplinary committee hearing officer.
- c) If a youth objects to the hold, he or she must explain in writing to the DCS community residential facility supervisor or designee the reasons why the youth feels that he/she does not owe the stated amount.
- d) Upon receiving the written objections, the DCS community residential facility supervisor must determine the validity of the objections.
- e) All objections must also follow disciplinary policies.
- f) If, after an investigation, the fiscal officer determines the hold to be valid, he or she must issue a disciplinary report to the disciplinary board, requesting a due process hearing to determine disposition of the matter.

**G. Central office
accounting**

1. Detailed reports

- a) The central office trust fund custodian must maintain a current detailed report of each youth's account on the computerized trust fund accounting system.
- b) A report of each youth's balance must be given to the youth at least monthly.
- c) The designated staff shall include all voided and cancelled checks in the reconciliation of the bank statement.
- d) After reconciling the monthly bank statement, the void and cancelled checks are to be included with that month's statement.

2. Reconciliation of accounts

- a) Designated staff must maintain a segregation of duties so that no one employee is responsible for all aspects of the trust fund.
- b) Staff that does not have responsibility for receiving or disbursing funds should reconcile bank statements.

3. Reconciliation deadlines

- a) Designated staff in the central office Fiscal Services division must:
 - ◆ Reconcile the control account with the subsidiary accounts after each posting.
 - ◆ Reconcile control account with the subsidiary account, checkbook, savings accounts, etc., monthly.
 - ◆ Prepare a bank reconciliation monthly in writing. The reconciliation must be signed and dated by the trust fund custodian and the designated staff reconciling the account.
- b) The reconciliation should be reviewed and signed by the fiscal officer or designee.
- c) By the 25th of the month following the month of activity, the fiscal officer or designee must complete form CS-0174, *Analysis of Trust Fund Account* and forward it to the central office Fiscal Services division.

- d) Designated staff must give a detailed explanation of any discrepancies found in the reconciliation of the trust fund accounts.

4. Shortages/discrepancies

- a) If the reconciliation indicates a shortage, the fiscal officer or designee must use form CS-0174, *Analysis of Trust Fund Account* to notify the appropriate Assistant Commissioner, Director of Fiscal Services and the Director of Internal Audit of the shortage.
- b) If a discrepancy is found before the reporting time, designated staff must use the following procedures:
 - ◆ Designated staff must notify the Director of Fiscal Services immediately.
 - ◆ The DCS community residential facility supervisor or designee must investigate all discrepancies thoroughly.
 - ◆ After the investigation, the DCS community residential facility supervisor must notify the appropriate Assistant Commissioner, the Director of Fiscal Services, and the Director of Internal Audit in writing.
 - ◆ The director of internal audit must notify the comptroller of the treasury.

H. Transfer of trust funds with youth

- 1. When a youth is transferred, the fiscal officer or designee must send notification of transfer to the central office trust fund custodian.
- 2. The central office trust fund custodian should:
 - a) Determine whether any outstanding obligations and payments are due and what should be the appropriate balance in the trust fund account;
 - b) Prepare form CS-0020, *Trust Fund Transfer* supporting it with an attached printout of the subsidiary account that shows the youth's balance; and
 - c) Issue a check payable to the receiving facility for the total amount to be transferred.

- d) Forward the check and form CS-0020, *Trust Fund Transfer*, to the receiving facility within seven work days after information is received from the DCS community residential program fiscal officer or designee.

I. Uncashed checks If a check payable to a youth has not been cashed within six months of the date on which it was written and the youth is still a resident at the DCS community residential facility, designated staff must credit the amount back into a youth's account.

**J. Issuance of final
balance to youth**

1. Payment of balance to youth

When a youth is released, the DCS community residential supervisor or designee must notify the central office trust fund custodian of the release and the new address. The central office trust fund custodian must deduct any and all outstanding obligations from a youth's trust fund account and then issue a check to the youth for the balance.

2. Payment of accruals/remainder after release

If monies are received for and/or remain in the account of a youth after he or she is released, the trust fund custodian must write a check for the amount and designated central office staff must mail it to the last known address of the youth.

K. Unclaimed funds

1. Undeliverable checks

Designated staff must hold any trust fund checks that are returned and marked "undeliverable" for six months.

2. Uncashed checks

If a check issued to a youth after his/her release remains outstanding for six months, designated staff must transfer the youth's funds to the general fund of the State of Tennessee by:

- ◆ Adding the amount of the outstanding checks back into the trust fund account and
- ◆ Writing a check for the balance against the trust fund account and payable to the State of Tennessee, unclaimed property.

3. Funds of youth on escape status

If a youth remains on escape status and monies remain in his or her trust fund account for a period of six months, staff must transfer the monies as per uncashed checks of released youth.

**L. Retrieval of funds
for youth**

1. Written request

To retrieve the funds transferred to the State of Tennessee because of uncashed checks or escape status, a youth must send a written request for return of funds to the DCS community residential facility supervisor or to the central office Fiscal Services division, trust fund custodian.

2. Process for approved requests

The central office Fiscal Services division may request retrieval of amounts by using transaction code 155, revenue source code 408 for checks that were honored by the bank after being transferred to the State of Tennessee.

- a) The central office Fiscal Services division must prepare a batch slip and a letter stating the circumstances and submit them with a copy of the deposit slip to the Division of Accounts.
- b) When the central office Fiscal Services division receives the warrant, designated staff must deposit it into the trust fund account, using standard trust fund procedures. A check will be written to the youth from the trust fund account.

**M. Reporting of
savings accounts**

1. The community residential facility supervisor or designee shall prepare a list of all youth's savings accounts and submit it to the central office Fiscal Services division each month.
2. The list should include:
 - ◆ Youth's name
 - ◆ Social Security Number
 - ◆ Date of Birth
 - ◆ Name of the bank

◆ Balance of the account

3. This account must be reconciled to the previous month's balance.
4. If an account does not appear on the current month's list and it was listed on the previous month's list, an explanation must be submitted, (i.e., whether the youth was released or the account closed, etc.). If a youth is AWOL, also indicate this information by his/her name with attached documentation to support explanation (such as release form, runaway incident report, etc.).

Forms

CS-0020	Trust Fund Transfer
CS-0173	Personal Withdrawal Request
CS-0174	Analysis of Trust Fund Account
CS-0389	Community Residential Facilities Allowance Request

Collateral Documents

None

Standards

ACA 3-JCRF-1B-02
ACA 3-JCRF-1B-19
DCS Practice Model Standard- 8-306